

MINUTES

MONTANA SENATE 57th LEGISLATURE - SPECIAL SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIR DON HARGROVE**, on August 6, 2002 at 2:00 P.M., in Room 303 Capitol.

ROLL CALL

Members Present:

Sen. Don Hargrove, Chair (R)
Sen. Edward Butcher (R)
Sen. Pete Ekegren (R)
Sen. Eve Franklin (D)
Sen. Fred Thomas (R)
Sen. Ken Toole (D)

Members Excused: Sen. John C. Bohlinger, Vice Chair (R)
Sen. Jim Elliott (D)

Members Absent: None.

Staff Present: Mary Vandembosch, Legislative Branch
Mary Gay Wells, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SR4, 8/3/2002
Executive Action: SR 2 Do Pass
SR 3 Do Pass
SR 4 Do Pass

{Tape : 1; Side : A; Approx. Time Counter : 0}

HEARING ON SR4

Confirmation Hearing on Scott Darkenwald
Director, Department of Administration

Proponents: Governor Judy Martz, State of Montana

Opponents: None

CHAIR DON HARGROVE invited **Mr. Scott Darkenwald** to introduce himself to the committee.

Mr. Darkenwald began his comments with a brief description of his background. He grew up in Billings, attended MSU in Bozeman and spent the next eight years in the family business. It was a small chain of convenient stores and truck stops spread throughout Montana and as far as Casper, WY. It was a great experience in small business. He traveled the entire state and learned to manage people spread over a large geographic area. He then went to work for Cenex Petroleum, Inc. He was asked to build the infrastructure for a large chain of stores. This infrastructure included the architecture and design components, the construction components, the technology systems, the financial reporting, the operations and the management team both in the field and in-house. Most of the 1990's were spent as an entrepreneur. He built his own company which was a specialty retail concept. He took on a large partner and subsequently sold out to them. He has done consulting work as well. He has worked with small and large businesses, in both the private and public sectors, with very limited amounts of money and with a great deal of available money. With this background he feels qualified and capable for the job and would be a positive asset to the State of Montana.

Mr. Darkenwald then gave an overview of whom the Department of Administration supervises: architectural engineering, banking and financial institutions, general services division (state procurement bureau, mail services bureau, facilities management bureau, property and supply bureau), information technology services division, risk management and tort defense teams, state personnel division that handles 12,000 state employees, consumer protection office and administrative financial services division.

Mr. Darkenwald had great praise for all the heads of these divisions as well as his Deputy Director, **Steve Bender**, who has extremely valuable institutional knowledge and experience both in the Budget Office, the Department of Revenue and now the Dept. of Administration. They work well together. **Mr. Darkenwald** then thanked the committee for their time and attention.

Proponents' Testimony:

Governor Martz explained that she knew **Scott Darkenwald** and felt he would be the right person for this position. He is very capable of running such a big operation. He believes in

efficiency and understands the issues facing the administration. He will demand accountability from each division and bureau. He has all the qualities that one looks for. She expressed her gratitude for his willingness to return to Montana and work for the good of all Montanans.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. ED BUTCHER inquired if **Mr. Darkenwald** had any thoughts about privatization. **Mr. Darkenwald** replied that at this point in time he is still getting up to speed. It would be premature for him to say that he sees anything at this time that could be moved. He is looking at everything though and should be ready in January when the Legislature meets again.

CHAIR HARGROVE asked about his philosophy concerning budgeting. **Mr. Darkenwald** reiterated his experiences dealing with and without money to work with. He felt that he had learned how to analyze whether the dollars were being used in the best manner. He looks at everything in terms of the best use of capital and the best use of human resources because there is usually limited capital and human resources. He also understands that timing is important to know when to invest.

CHAIR HARGROVE stated that in government, they do incremental budgeting. They look at last year's budget and then decide what is needed to be adjusted. Rarely does government look at the need for a program, they just look at what they want to add to that program. Sometimes it is not always in the best interest of the taxpayers here in Montana. **CHAIR HARGROVE** felt that **Mr. Darkenwald's** background seemed to give him the advantage of being able to look at everything with a fresh outlook. In that light, did **Mr. Darkenwald** feel that there is room for some move toward zero-based budgeting within the Dept. of Administration. **Mr. Darkenwald** answered that one of his advantages is that he usually looks at things as "do we need it" and "is this a good investment" and if not, don't do it. Between him and his Deputy Director, who has so much institutional knowledge, he feels that they have a good balance.

CHAIR HARGROVE offered **Mr. Darkenwald** the opportunity for any closing comments.

Mr. Darkenwald thanked the committee for their time and attention and looked forward to being back in beautiful Montana.

EXECUTIVE ACTION ON SR2

Motion/Vote: SEN. TOOLE moved that SR 2 DO PASS. Motion carried unanimously.

EXECUTIVE ACTION ON SR 3

Motion/Vote: SEN. FRANKLIN moved that SR 3 DO PASS. Motion carried unanimously.

EXECUTIVE ACTION ON SR 4

Motion/Vote: SEN. BUTCHER moved that SR 4 DO PASS. Motion carried unanimously.

ADJOURNMENT

Adjournment: 2:30 P.M.

SEN. DON HARGROVE, Chair

MARY GAY WELLS, Secretary

DH/MGW

EXHIBIT(sts02bad)